



Department of Energy
 National Nuclear Security Administration
 Pantex Site Office
 P. O. Box 30030
 Amarillo, TX 79120



DEC - 3 2010

John D. Woolery
 General Manager
 B&W Pantex
 PO Box 30020
 Amarillo, Texas 79120

RE: Contract No. DE-AC54-00AL66620, Fiscal Year 2010 (FY10)
 Performance Evaluation Report (PER)

Dear Mr. Woolery:

Enclosed is the FY10 PER, which provides the results of the National Nuclear Security Administration's (NNSA) assessment of Babcock and Wilcox Technical Services Pantex, LLC (B&W Pantex) performance from October 1, 2009 through September 30, 2010. Based on PXSO's assessment of B&W Pantex's FY10 performance B&W Pantex received an overall adjective rating of "Outstanding" and a score of 95.5%. The table below breaks down the fee available and earned by Mission, Operations, Business Management, and Multi-Site.

	Available Fee	Earned Fee	Earned Fee %
Mission	\$13,466,300	12,724,930	94%
Operations	\$13,166,300	12,451,065	95%
Business/Management	\$7,223,600	6,992,628	97%
<i>Subtotal</i>	\$33,856,200	32,168,623	95%
Multi-Site	\$3,761,800	3,761,800	100%
<i>Total</i>	\$37,618,000	35,930,423	95.5%

You may withdraw funds not to exceed the amount of \$22,764,119 from your Special Bank Account for the remaining un-invoiced FY10 total earned fee. This amount represents the difference between the total earned fee of \$35,930,423 and the provisional fee of \$13,166,304 which has already been drawn down from B&W's Special Bank Account.

Woolery

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I am available to meet with you to discuss B& W Pantex's FY10 performance assessment. Should you desire a meeting, please contact me at (806) 477-3180.

Sincerely,



Steven C. Erhart
Manager
Pantex Site Office



Seb M. Klein
Contracting Officer
Pantex Site Office

Enclosure

cc w/o enclosure:

G. Beausoleil, PXSO, 12-36A
K. Waltzer, PXSO, 12-36A
C. Alvarado, PXSO, 12-36A
J. Guelker, PXSO, 12-36A
K. Hoar, PXSO, 12-36A
D. Nester, PXSO, 12-36A
M. Padilla, PXSO, 12-36A
G. Wisdom, PXSO, 12-36A
F. Cruz, PXSO, 12-36A
B. Bidwell, B&W, 12-138D

**B&W Pantex
FY 2010
Performance Evaluation Summary**

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FY 2010 Performance Evaluation Report

Pantex Plant Performance Evaluation Report

Fiscal Year 2010
October 1, 2009 through September 30, 2010
Summary of Performance Areas/Fee Availability

Essential Performance	Award Fee	%	PBI	%	Total	
Area	Allocation	Weight	Allocation	Weight	Allocation	Weight
Mission	\$8,496,300	34%	-		\$8,496,300	34%
Operations	\$9,266,300	38%	-		\$9,266,300	38%
Business Management	\$6,923,600	28%	-		\$6,923,600	28%
Total	\$24,686,200	100%	-			100%

Stretch Performance	Award Fee	%	PBI	%	Total	
Area	Allocation	Weight	Allocation	Weight	Allocation	Weight
Mission	\$3,700,000	61%	\$1,270,000	46%	\$4,970,000	56%
Operations	\$2,400,000	39%	\$1,500,000	54%	\$3,900,000	44%
Total	\$6,100,000		\$2,770,000		\$8,870,000	100%

Multi-Site Performance	Award Fee	%	PBI	%	Total	
Area	Allocation	Weight	Allocation	Weight	Allocation	Weight
Multi-Site			\$3,761,800	100%	\$3,761,800	

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Break-down by Incentives

	Essential	Stretch	Total
Mission	\$8,496,300	\$4,970,000	\$13,466,300
Operations	\$9,266,300	\$3,900,000	\$13,166,300
Business/ Management	\$6,923,600	\$300,000	\$7,223,600
Subtotal	\$24,686,200	\$9,170,000	\$33,856,200
Multi-Site	\$3,761,800		\$3,761,800
Total:	\$28,448,000	\$9,170,000	\$37,618,000

B&W Pantex Fee breakdown:

	Available Fee	Earned Fee	Earned Fee %
Mission	\$13,466,300	12,724,930	94%
Operations	\$13,166,300	12,451,065	95%
Business/Management	\$7,223,600	6,992,628	97%
<i>Subtotal</i>	\$33,856,200	32,168,623	95%
Multi-Site	\$3,761,800	3,761,800	100%
Total	\$37,618,000	35,930,423	95.5%

FY 2010 Common Adjectival Rating Scale

In order to provide for consistency across the National Security Enterprise, each site shall utilize the five tier adjectival ratings and general descriptions set forth below for application to adjectivally rated at-risk fee. These ratings are applied to essential work scope initially to determine essential at-risk fee earned and eligibility for stretch at-risk fee. It also applies to stretch work scope. This scale does not apply to PBIs and multi-sites.

Adjectival Rating for Subjective Evaluation	Adjectivally Rated At-Risk Award Fee Pool Available Range to be Earned	Adjectival Rating Common Description
Outstanding	91-100%	Contractor has exceeded almost all of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award fee evaluation period
Very Good	76%-90%	Contractor has exceeded many of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period
Good	51% - 75%	Contractor has exceeded some of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period
Satisfactory	No Greater than 50%	Contractor has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period
Unsatisfactory	0%	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period

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MS-2 Enterprise Integration

MS-3 Science

Performance Area: Mission
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 94%

Performance Objective #M-1: Continued delivery of DSW products to the Department of Defense (DoD)

B&W Pantex performance was outstanding per the Performance Objectives contained in the PEP.

Performance Assessment:

Performance Target #1:

B&W Pantex exceeded planned weapon deliverables by aggressively overcoming schedule obstacles including technical issues, late receipt of critical components and facility flooding due to excessive rain. This includes 112% W76-1 LEP deliverables, 114% surveillance deliverables, and 126% scheduled dismantlements.

Performance Target #2:

B&W Pantex met 100% of Level 2 Milestones identified in the Milestone Reporting Tool (MRT)

Performance Target #3:

B&W Pantex successfully managed tooling and process changes throughout the entire year. All activities related to readiness reviews; NESS approval, contractor and NNSA RA were completed and operations were authorized in September, 2010.

Performance Target #4:

The B61 TYPE 6D JTA FPU was completed in February, 2010, ahead of schedule. Incorporation of SS-21 tooling reduced process time by 25%.

Performance Target #5:

The B83 Core B Mechanical Disassembly, Machining, and Analytical Density test was completed in April, 2010, ahead of schedule.

Performance Target #6:

W76-1 JTA2 operations were authorized in April, 2010. W76-1 JTA2 FPU (s/n 201) FPU was achieved in June, 2010.

Performance Target #7:

W78 JTA5 build authorization was received ahead of schedule on March, 2010 and the build was completed in May, 2010.

Performance Target #8:

W84 SS-21 operations were authorized ahead of schedule and under budget. All activities related to readiness reviews; NESS approval, contractor and NNSA RAs were completed and operations were authorized in September, 2010. First Disassembly Unit occurred in September, 2010.

Performance Target #9:

The plan and schedule for authorization to build the W87 JTA 1-3 was submitted in February, 2010. Authorization for the W87 JYA 1-3 was received ahead of schedule in July, 2010

Performance Based Incentive #M-1S: DSW Produce Delivery to the DoD (Stretch)

B&W Pantex achieved all targets within this Performance Based Incentive

Performance Assessment:

Performance Target #1:

The Pantex DSA, to include the special test, was updated in February, 2010. The B61 HAR, Revision 13, January 8, 2010 includes the special test.

Performance Target #2:

The special test and post-test D&I NEOP were updated in February, 2010.

Performance Target #3:

The special test RA was completed and operations were authorized in February, 2010.

Performance Target #4:

The special test was conducted in February, 2010 and the D&I completed in March, 2010. The entire project was completed in five months.

Performance Objective #M-2S: DSW Deliverable (Pantex Anchor)

B&W Pantex performance was outstanding per this Performance Objective.

Performance Assessment:

Performance Target #1:

Discrepant tooling used for disassembly operation was identified which resulted in a 60 day delay in production. Operations resumed in February 2010 and by July completed deliverables exceeded the production baseline requirements. The July 2010 flood impacted operations for 30 days. However, by the end of the fiscal year 112% of the baseline was achieved.

Performance Target #2:

B&W Pantex supported Phase 6.2 study by participating in multiple Product Realization Teams (PRT).

Performance Target #3:

B&W Pantex completed 100% alteration kit deliverables to the DoD in April, 2010. There were no scheduled LLC deliveries to the DoD in FY10.

Performance Target #4:

B&W Pantex completed 100% of funded surveillance deliverables for FY10.

The status of all surveillance activities was reported through the Daily Change Report (DCR) and surveillance data was reported through individual programmatic Quality Evaluation Reports (QERs).

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All surveillance activities were reported in QERTS during FY10. Daily updates from the MRP updated D&I and component status. HE testing data was reported through the QER. QERTS Phase III development was completed on schedule.

Performance Target #5:

B&W Pantex exceeded the production baseline and FY10 "Getting the Job Done" goal for dismantlements, meeting Congressional Directive requirements. B&W Pantex completed 126% of scheduled dismantlements. The W62 dismantlement, including trainer dismantlements, was completed in FY10 instead of scheduled FY11.

Performance Target #6:

B&W Pantex successfully managed tooling and process changes throughout the entire year. All activities related to readiness reviews; NESS approval, contractor and NNSA RA were completed and operations were authorized in September, 2010. W84 SS-21 operations were authorized ahead of schedule and under budget. All activities related to readiness reviews; NESS approval, contractor and NNSA RAs were completed and operations were authorized in September, 2010. First Disassembly Unit occurred in September, 2010.

Performance Objective #M-3: High Quality Trainer Unit in Weapons Training Program

B&W Pantex performance substantially exceeded expectations for this Performance Objective.

Performance Assessment:

Performance Target #1:

The W84 trainer (S/N L969) upgrade plan and schedule was submitted to PXSO in December, 2009, ahead of schedule.

Performance Target #2:

All milestones in the approved plan were met and the trainer upgrade was completed ahead of schedule in July, 2010.

Performance Objective #M-3S High Quality Trainer Unit in Weapons Training Program

B&W Pantex substantially exceeded expectations for this Performance Objective.

Performance Assessment:

Performance Target #1:

The W78 JTA6 trainer (S/N ET5D) upgrade plan and schedule was submitted to PXSO in December, 2009, ahead of schedule.

Performance Target #2:

All milestones in the approved plan were met and the trainer upgrade was completed in September, 2010.

Performance Objective #M-4S: ADAPT, HEWO and ESC Sub-Programs

B&W Pantex performance was outstanding per this Performance Objective.

Performance Assessment:

Performance Target: Meet approved and funded ADAPT, HEWO, and ESC MRT sub-program Level 2 milestones.

B&W Pantex successfully managed all Campaign programs in FY 2010 by meeting approved funded ADAPT, HEWO, and ESC MRT sub-program Level 2 milestones below cost and schedule; resulting in cost savings, such as labor, being redeployed to other work locations within Pantex. Completion of Level 2 milestones was a significant task because of the severe storm event and the W76 project recovery initiative. Below are some of the significant accomplishments:

- The contractor developed a lean six sigma process which resulted in a 100% increase in hemi production rate.
- The Collaborative Authorization for the Safety-basis Total Lifecycle (CASTLE) application was deployed on the classified network using Enterprise Secure Network (ESN) authentication. This system integrates safety-basis data from Pantex and the Design Agency (DA) to facilitate development of weapon program Hazard Analysis Report (HAR) and was designed to replace multiple standalone classified laptop applications. The network-based system will improve security, accessibility, and reliability of programmatic safety-basis data; thus improving cost efficiencies and productivity. The contractor procured and implementing a new Storage Area Network as a long-term storage capacity strategy for future CASTLE applications thus solving data management issues and providing system enhancements resulting in additional cost savings.
- The Multi-site Test Equipment project, with participants from SNL, KCP, and Pantex, developed common equipment definition and draft documentation on the qualification process for electrical testers that will be used across the NSE. The contractor completed a value stream analysis for the Qualification Acceptance of Testers will allow increased integration and consistency at the various Pantex and off-site work locations.
- The Predictive Optimization of HE Manufacturing Project Level 2 Milestone (3635) was completed 4% ahead of schedule and 28% under budget.
- Completed evaluation of Plastic Bonded Explosive (PBX)-9502 in the strategic reserve, including analytical, physical, and performance testing. A final report was completed to support generation of a common PBX-9502 molding powder specification; thus supporting the B-61 Life Extension Program.
- Created a density map for the PBX-9501 surveillance part, allowing more thorough interrogation of main charge densities. This density map allows for non-destructive testing that will result in cost and schedule improvements in main charge density certification. This will support the W76 life extension program by having a higher degree of quality review of the explosives prior to deployment of the weapon.
- Advanced Inventory and Material Management Level 2 Milestone (3638) was not completed as scheduled because of the July storm event. The target facility planned to

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support this project was reprioritized to allow for weapon production activities. Scope and funding was approved by Headquarters to carry over into FY2011.

- B&W Pantex completed installation and start up of an “On the Machine” gauge probe on each of the Computer Numerically Controlled Lathes used for HE machining, which reduces setup time and component handling and enhances weapon quality. The project also removed obsolete Coordinate Measurement Machine (CMM) equipment and procured and installed new CMM equipment to support HE operations. These new technologies will improve production and quality.
- In addition to completing all key deliverables in support of the Enhanced Surveillance FY2010 Level 2 milestones, B&W Pantex completed additional work in support of future year milestones. A proactive analysis was performed of FY2011 Enhanced Surveillance Campaign (ESC) Program funding and as a result, no funding deficiency is projected. Other notable accomplishments include:
 - Submitted the ESC FY2009 Annual Report to the NNSA and Headquarters prior to the end of the first quarter to support the annual assessment of the stockpile.
 - Presented five posters depicting accomplishments of ESC projects at the Biannual Review held at LLNL in April 2010.
 - Completed a four-year Pentaerythritol Tetranitrate (PETN) aging and reliability study in collaboration with the three design laboratories and the Atomic Weapons Establishment (AWE).
 - Published the “Low-temperature Oxidative Degradation of and its Components Determined via Molecular Weight Analysis of the Polyester Urethane Binder”

Performance Objective #M-5: Quality Assurance Program

Performance Assessment:

Performance Target #1:

B&W Pantex performed 3 Quality Implementation Reviews (QIRs) against divisions other than quality which was 150% more than what was expected. These conducted in Internal Audit, Manufacturing Operation, and Records Management. These reviews add value by decreasing stove piping and generating common understanding across divisions.

Performance Target #2:

There were no Significant Finding Investigations (SFIs) or Unsatisfactory Reports (URs) affecting quality chargeable to Pantex. While there were still some stamping/shipping issues, as discussed in M-5.5, there were no issues of adverse quality on shipped components and DoD received the unit reliability and functionality.

Performance Target #3:

Pantex conducted eleven drawing reviews which was 57% increase above the baseline. The drawings reviews supported the following initiatives: W88 JTA refresh; W78 Mod 0 JILT; B61 Mod 7 DIS; and SNMCRF flow down. By completing these drawings, this should alleviate many of the drawing issues/deficiencies experienced in past years.

Performance Target #4:

Pantex completed both of product acceptance reviews for SNMCRF Laser Gas Sampling System (LGSS) and High Explosives synthesis operations
The quality

product acceptance reviews were of high quality, accurate, and added a great deal of value to Pantex.

Performance Target #5:

While the contractor did assess the effectiveness of the FY 09 IMR Corrective Action Plan (CAP) seven months ahead of schedule (positive), PXSO found that the IMP CAP not to be as comprehensive as expected. Many of the IMR CAP's corrective actions were less than adequate; resulting in time delays as documented in PXSO QAS 2 report 42-10-03. Since February 2010, B&W was proactive in evaluating this CAP and dedicated the necessary resources to implement much needed improvements.

Performance Target #6:

The contractor completed four Quality Assurance Improvement Plan reports which were published on schedule. In addition, the contractor was proactive in identifying 35 initiatives or other related improvements to enhance the Pantex quality assurance program. Each improvement was tracked to completion.

Performance Target #7:

The contractor completed twelve Software Quality Assurance assessments. The contractor's assessments exhibited a high degree of quality, accuracy, and depth. Results of these assessments were communicated to PXSO in a timely manner resulting in transparency to the government.

Performance Objective #M-6S: Management of Nuclear Materials and Critical NM Support Programs

Performance Assessment:

Performance Target #1:

The contractor provided SNM Program and Project Plans to PXSO by November 20, 2009. The Plans were detailed and communicated a wealth of important information regarding the program. The contractor met periodically with PXSO personnel apprising them of ongoing Nuclear Material Program Management issues as well as SMN operations and activities. Of particular note has been the prompt notification to the site office SMEs of communications and other dialogue with offsite entities such as the design laboratories and NNSA headquarters personnel. A number of these dialogues resulted in changes to baseline schedules. In addition, to enhance communications, the contractor developed and implemented a comprehensive weekly report.

B&W provided the majority of updated project plans that support Nuclear Material objectives; however, the project plan associated with the development of a second Laser Gas Sampling (2nd LGS) capability at Pantex (an approximately \$2.2M Project) was never provided. Due to the lack of an approved project plan (cost and schedule) the change control for project scope for the 2nd LGS project was implemented through a project charter change which required no PXSO approval. With exception to the issues associated with the 2nd LGS, PXSO has received the anticipated monthly project status, and change control updates.

Performance Target #2:

B&W submitted draft reports ahead of the scheduled due date. B&W learned from the draft reports and modified the quarterly updates in advance of the actual due date. B&W provided the

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final reports on schedule and PXSO found the reports to be thorough and accepted prior to PXSO senior management review. This tool also served to help in the identification of potential roadblocks in advance of actual problem areas.

Performance Target #3:

The contractor was successful in implementing an increase in kg loading for plutonium-239 in a pit staging and storage facility, more than doubling the allowable capacity. The contractor received commendation from NNSA program staff for creatively solving future pit storage capacity concerns in a timely and cost-effective manner. As a result, NNSA is now afforded the time necessary to efficiently implement the PDC project and successfully avoid over \$90M in previously projected expenditures (validated during fourth quarter FY2010). B&W Pantex actively engaging in NNSA-wide discussions and resolution committees and working groups to develop plans and paths forward to resolving nuclear material staging and storage issues which had NNSA-wide implications for current and future needs. B&W personnel were actively engaged in CSA, Nuclear Material, Storage and disposition discussions which had NNSA-wide ramifications. Program Management personnel were also included in vital transportation and container development discussions. Also, the contractor provided weekly updates and conducted monthly status review meetings to keep PXSO apprised of SNM storage activities and submitted a cost benefit analysis for the application of available surplus AT-400R pit storage containers for submission to PXSO and Headquarters. Also, B&W Pantex program staff served on a number of Nuclear Material (NM) integration teams including the Plutonium Enterprise Team, the National Nuclear Materials Strategic Planning Team, and the Nuclear Materials Management Team.

Performance Target #4:

The contractor completed laser gas sampling for W78 Pit Surveillance backlog November 18, 2009, significantly ahead of schedule (33% faster than expected). Six additional pits from current D&I cycles were completed, exceeding quantity targets defined in the Baseline Work Execution Plan. Although some of the baseline plans were change through change control during the year due to design agency change requirements as well as equipment and facility issues, B&W did achieve their end-of-year workload projections.

The contractor completed mechanical upgrades to the LGSS for the B61 Program and obtained equipment QER. The contractor performed all startup activities for B61 pit surveillance operations and received an acceptable QER for B61 pit surveillance. The contractor completed B61 Pit surveillance operations on six units scheduled in the funded work execution plan (The Pantex planned quantity was initially 38; however, technical complexities and Conduct of Operations issues reduced the achieved quantity to six). Also, the contractor developed redundant capabilities by qualifying an additional Weigh and Leak Test Station in support of the W76-1 Program and expanded the SNMCRF capabilities by modifying the Micro Focus X-ray System to allow evaluation of two additional pit types.

B&W Pantex provided this deliverable ahead of schedule. They completed qualification activities for High Resolution X-ray Computed Tomography with the release of the acceptable QERs by both LLNL and LANL.

The combination of these QERs covers all required stockpile surveillance pits which is a significant achievement for Pantex. Coordination among Pantex, LLNL, and LANL allowed for the combined qualification of all stockpile surveillance pits under two QERs, alleviating the need to qualify the process for each pit type separately. B&W Pantex also coordinated with NNSA to

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develop a work execution plan that prioritized the High Resolution Computed Tomography (CoLOSSIS) workload in accordance with Design Agencies' direction. B&W Pantex provided resulting CoLOSSIS data to both LLNL and LANL as appropriate. B&W Pantex was also acknowledged by NNSA headquarters for their accomplishment in this area.

B&W has successfully completed the following objectives:

- Developed Integrated LANL/LLNL Pit Qualification Plan.
- Develop QER for One Pit Type in the Project Plan.

Performance Target #5:

Although faced with some significant procedural challenges to overcome, B&W was able to successfully submit and receive approval of the necessary procedures to the Packaging Certification Division within sufficient time to allow for leak checks to be accomplished on several containers (11) prior to the end of the fiscal year although no leak checks were required; thus demonstrated a high degree of quality and weapon mission commitment.

Performance Target #6:

B&W Pantex completed this task ahead of schedule. The contractor completed implementation of the Large Containment Vessel (CV) Bell jar and the CV Whole Body Leak tests for the MH2800 container approximately 9 months ahead of schedule. The contractor completed 50% more leak checks of the MH2800 containers than was expected.

Performance Target #7:

Accomplished NM container surveillance and pit surveillance objectives as defined, funded, and scheduled for the following containers: AL-R8/SI 2040 container surveillances; AL-R8 container surveillances; MH2800 container refurbishments to support Sealed Insert (SI) packaging; AL-R8/SI 2030; and AT-400A container surveillances. In total, the contractor had to complete 79 container surveillances which was completed in April 2010, 13% ahead of schedule. Also, the contractor completed 24 pit storage sample surveillances and qualified two new diagnostics tools required for pit surveillance. In addition, the contractor completed CoLOSSIS qualification activities in January and diagnostic data, including data supporting a Significant Finding Investigation, were provided to both LLNL and LANL. Additional critical spare parts were procured to minimize downtime as well as additional spare components for the Linear Accelerator.

Performance Objective #M-7: Movement and Tracking of Onsite and Offsite Shipments

Performance Assessment:

Performance Target #1:

B&W has maintained an average performance rating of 99% for onsite material moves. Furthermore, B&W achieved 99.99% accuracy with 42,928 onsite material moves.

Performance Target #2:

The contractor developed a defects-free quality performance metric/indicator for offsite shipments which was provided to PXSO on December 29, 2009. The performance metric/indicator highlights packaging, marking, and data-entry errors for offsite component shipments. The contractor established an internal goal of 95% which was exceeded during the

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FY. In addition, the contractor implemented several corrective actions to improve shipping accuracy.

Performance Target #3:

B&W has developed a Corrective Action Plan from the FMEA for Onsite & Offsite Shipments. The CAP was found to be comprehensive and thorough.

Performance Target #4:

B&W submitted a CAP to PXS0 in December 2010. During the remainder FY 2010, the contractor completed 100% of the FY2010 corrective actions.

Performance Target #5:

B&W Pantex met this Performance Target by accomplishing this task in this fiscal year. B&W has completed the Effectiveness Review on the Move Right Enhancements.

Performance Objective #M-8: Reimbursables Program Management

Performance Assessment:

Performance Target #1:

As the NSE HE CoE for HE Manufacturing, B&W Pantex provided outstanding delivery support for NSE HE initiatives. Seven Integrated Contract Orders (ICOs) were approved in FY2010, and commitments were completed as scheduled (\$486K). B&W Pantex also provided leadership, technical expertise, and operational support in collaborative initiatives with other agencies to develop strategic directions for future TATB application, including:

- Delivered 4,800 lbs of TATB for BAE Holston to support DoD fusing production.
- Delivered 4,354 lbs of TATB purchased by the U.S. Air Force to BAE Holston to support bomb fusing production.
- Completed a contract with AWE to manufacture 24 peach cups for a series of performance tests they developed but were unable to support.
- Analyzed HNS powder and detonator cups for electrodynamics to assist in solving a performance issue with a DoD missile system.
- Delivered two each 10-gram samples of specific particle size TATB to support a joint U.S. Navy/Reynolds Systems, Inc. project to produce an Insensitive High Explosives (IHE) detonator.
- Delivered 500 grams of ultrafine TATB to Reynolds Systems to support DoD production.
- Analyzed five LX-14 samples from General Dynamics to assist in resolving a performance issue with a DoD missile system.
- Delivered 1,000 grams XTX-grade PETN to LLNL for development activities.
- Supported DoD and DOE in their efforts to develop and qualify a new domestic production source for the HE TATB.
- Supported commercial industry with several contracts by testing and supplying various types of HE product such as HNS-IV, PETN, and TATB in varying quantities.
- Completed an Approved Funding Program project from LLNL to press and machine five boosters using LX-10 and five boosters using LX-17-1.

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- Completed 7 Integrated Contract Orders (ICO) totaling almost \$500,000.
- Collaborated with the DoD and AWE for developing strategic directions for the future of the Insensitive High Explosive TATB.
- Achieved characterization of Triamino Trinitobenzene (TATB) material through the development and prove-in of modern test methods. Final recommendations were submitted to support the development of a DoD Mil-Spec for TATB material. This is a critical for DoD explosive operations because most DoD explosives in the future will be TATB based and Pantex is leading the effort by being able to test the purity and other chemical and physical parameters. To improve TATB work process, B&W hosted the HEWO Readiness Program TATB meeting for improving HEWO integration and TATB collaboration between PXSO, LLNL, LANL, and B&W.

Performance Target #7:

- Developed the Pantex High Explosives Center of Excellence Business Strategy for FY 11-15. This business strategy supports the NNSA Transformation Initiative and identifies critical steps for being the Center of Excellence in High Explosives manufacturing
- An element of the Center of Excellence Business Strategy was the development of the draft Infrastructure Master Plan. This Plan address critical infrastructure needs to support the CoE.
- In additional, B&W is staffing up in key positions to support the weapons program. The Business Strategy was found to be comprehensive,

Performance Objective #M-9: DSW Product Realization Integrated Digital Enterprise Program (PRIDE)

Performance Assessment:

Mechanical Computer Aided Design: Delivered a PDMLink Application for automation of the following:

- Common business processes that facilitate efficient weapon product definition management and information sharing.
- Workflows enabling efficient sequencing of product through manufacturing work centers.
- Migration of 100% of the drawings for Tooling Design and HE Manufacturing areas.
- An interface with records management software that allows weapons information to be pasted between PDMLink and the records management system.
- Implemented the Production Quality Evaluation Requirements Tracking System (QERTS) which enables Surveillance Program integrated planning capability across the entire Nuclear Security Enterprise with implementation of the QERTS Phase III).
- Developed an Application Training manual and held numerous NSE onsite training classes for the user community.
- The contractor received a DP Award of Excellence for the QERTS initiative.
- Exceeded the commitment to digitally process 120 microfilm rolls of weapons program data (equates to 300,000 sheets of weapons information). The project made several digitization process improvements and delivered 200 microfilm rolls of

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weapons program data (equates to 500,000 sheets of weapons information), while staying within the planned budget.

Performance Objective #M-10: Inventory Management of Production Materials

Performance Assessment:

B&W Pantex performance was outstanding per the Performance Objectives contained in the PEP.

Performance Assessment:

B&W Pantex exceeded all of the significant criteria of this Performance Objective. In some cases the Performance Target was substantially exceeded. B&W Pantex capitalized on shifting resource priorities, cross-functional experience, and a 'can-do' attitude to attack the concerns of production material inventory management. The results are clearly documented and are a positive reflection on B&W Pantex performance.

Performance Target #1:

Exceeded the Performance Target by achieving an FY10 average inventory record accuracy of 96.8%; during two months, inventory record accuracy exceeded 98%.

Performance Target #2:

The PEP goal was 60% on-time ship performance; B&W substantially exceeded this goal by achieving a 78% on-time ship performance. Shipping errors encountered during FY10 were most likely the result of excessive unplanned material requests from the laboratories.

Performance Target #3:

The project charter and final report documenting implemented and recommended changes for effectively managing Production Work-in-Progress (PWIP) was delivered to PXSO on December 29, 2009. The final report demonstrated both depth and breadth in addressing and correcting previous issues with PWIP. B&W exceeded this PT by not only developing the initiatives, but also empowering the cross-functional teams to address the target areas in ship, scrap, and explosives open orders.

Work Instruction 01.03.05.06.03 and the accompanying Desk-Aid 0212 were published March 31, 2010. These procedures addressed the execution, monitoring, and closing of manufacturing open orders.

B&W exceeded this PT by providing training on the new procedures to the specific target groups one month before the PT deadline.

B&W exceeded this PT by not only establishing an accurate baseline of aged open orders but reducing these orders by 33%.

Performance Target #4:

B&W substantially exceeded this PT. The number of past due items in ship status at the end of FY09 was established at 10,436 components. Incisive use of available resources applied to this issue achieved the desired 10% reduction of these items after one month. In March, resources were one again manipulated to achieve a radical reduction of the components in backlog status. By the end of FY 10, a 39% reduction of the backlog had been achieved.

Performance Objective #M-10S: Improve Material Ship Performance

B&W Pantex completed all requirements of this Performance Based Incentive.

Performance Assessment:

B&W Pantex improved material ship performance by more than 40% when compared to FY09, exceeding the goal of 25% as stated in the PBI. As part of this effort, a metric was developed to track the unplanned special ship requests, and B&W partnered with PXSO to prioritize the unplanned shipping requests.

Performance Objective #M-11: B83 Training Upgrade Project

B&W Pantex performance was outstanding per this Performance Objective

Performance Assessment:

For the B83 tooling upgrade, B&W employed the lessons learned from the years of developing SS-21 tooling for the weapons programs. This resulted in the development of a tooling “system” to support the B83 mission that went beyond everything developed to date. One example is the development of air powered vacuum testers, which utilized plant air to generate low voltage DC power for the tester instrumentation. This design completely eliminated the potential AC and lightning hazards of previous tester designs.

Performance Target #1:

The tooling upgrade activities were all completed according to the approved schedule resulting in the prototype Hazard Analysis Task Team walk-down to be completed in September, 2010.

Performance Target #2:

Final production tooling work orders were issued on schedule. Tools identified for reorder were requested as much as eight months in advance of the goal. The Machine Shop initiated a new prototype tooling concept which greatly improved creation speed and inter-departmental communications.

Performance Objective #: M-12: Manage Component Disposition Resulting from Dismantlement Operations

B&W Pantex exceeded NNSA expectations in the management of component disposition resulting from dismantlement operations.

Performance Assessment:

Performance Target #1:

- a. B&W Pantex has exceeded this target by establishing a baseline of scrap energetic materials in Z12S MAA explosive magazine and reducing the volume 40% (25% was target).
- b. B&W Pantex met this incentive of inventory and consolidation of RAD PSO boxes by completing 75 of 75 boxes
- c. B&W Pantex completed the development of a legacy NELA/Trainers disassembly Plan by June 30th and executed each of the Plan's milestones.
- d. B&W Pantex exceeded the characterization of all 244 B53 components based on the RDI, which was not published until late in the FY.

Performance Target #2:

B&W Pantex has met the target of publishing the Component Disposition Program Plan within the first quarter and maintaining cost and schedule metrics.

Performance Objective# M-12S: Disposition of Weapons Components Resulting from Dismantlement Operations

B&W Pantex met NNSA expectations in the management of component disposition resulting from dismantlement operations.

Performance Assessment:

Performance Target #1:

B&W Pantex met the target of Identifying and sorting an additional 25.6% (20% was target) of scrap non-rad PSO boxes.

Performance Target #2:

B&W Pantex completed the target increase of 11 % (10 % increase was target) toward production stores warehouse space.

Performance Objective #M-13: Expand Interim Pit Staging

B&W Pantex exceeded many of the areas in this Performance Objectives

Performance Assessment:

Performance Target #1:

B&W Pantex increased available pit storage capacity by 6.7% to address current accumulation projections through FY 2014 by implementing Stage Right pit storage configuration. Although there was no demonstration of this activity, the appropriate safety, quality, and other related

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paperwork confirmed this projection. The contractor was successful in implementing an increase in kg loading for plutonium-239 in a pit staging and storage facility, more than doubling the allowable capacity. The contractor received commendation from NNSA program staff for creatively solving future pit storage capacity concerns in a timely and cost-effective manner. As a result, NNSA is now afforded the time necessary to efficiently implement the PDC project and successfully avoid over \$90M in previously projected expenditures (validated during fourth quarter FY2010).

Performance Target #2:

Although the DSA was submitted in June, the original DSA required at least one re-write to gain approval by PXSO which included directed changes. Final PXSO approval was given on September 30, 2010, which also impacted delivery of other performance initiatives within this performance objective. This required a significant amount of PXSO resources to be involved with management of this performance objective.

Performance Target #3:

B&W Pantex-approved Loading Execution Plan was also submitted to the PXSO Site Office well within the 30-day requirement. Although well ahead of the 30-day requirement, the approved, signed plan could not be validated before the end of the fiscal year since the DSA was not approved until September 30, 2010.

Performance Target #4:

B&W Pantex was less than successful because the contractor could not demonstrate the capability. The contractor move an empty stage right pallet (No SNM Material) into an empty bay that had been lined off with tape to "simulate" a position within the bay to place package. There was sufficient questions raised by PXSO concerning clearances and maneuverability of the forklift during demonstration of the simulated package, that an accurate assessment of the process during actual loading and placing of a full payload could not be made.

Performance Target #5:

The Loading Execution Plan will be executed once the activities required to implement the DSA and the SER Directed Changes have been completed. A project to implement the DSA changes, plus any required readiness activities, has been chartered and is currently being executed.

Performance Objective #M-14: Implement DT Container Capabilities

Performance Assessment:

Performance Target #1:

The contractor prepared and submitted Drum Type (DT)-22 Re-conditioning and Annual Maintenance procedures to PXSO and Packaging Certification Division in February 2010. This submission was in concert with a timeline established in joint Pantex/Y-12 National Security Complex (Y-12) DT Container Capability Plan developed to satisfy an MRT Level 2 milestone two weeks ahead of schedule.

Performance Target #2:

The contractor secured process approval from Packaging Certification Division on August 11, 2010. B&W Pantex was able to overcome a major obstacle arising when Packaging Certification Division unexpectedly required that the annual maintenance procedures and processes be certified

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by the American Society for Nondestructive Testing. B&W Pantex partnered with Savannah River Site (SRS) certifying professionals to meet this requirement. The assistance was greatly facilitated through a collaboration involving members of the Inter-Plant Technology Team (IPTT).

Performance Target #4:

Performed startup and implementation of the Large CV Bell Jar for DT-22 maintenance and recertification activities, which will improve the efficiency of CSA shipments and eliminate costs associated with transport of the expired DT-22 back to Y-12 for recertification. Implementation of the DT-22 saved the NSE \$100K in FY2010 and is projected to save \$400K per year in the future. The contractor conducted PPI activities for DT-22 container reconditioning October 2009 with PXSO, Packaging Certification Division, and Y-12 staff in attendance. Annual maintenance PPI activities were conducted in April 2010 with PXSO, Packaging Certification Division, and SRS staff in attendance. The FPU completed September 29, 2010.

Performance Target #5:

B&W prepared a Revision Controlled DT-20 Reconditioning & Annual Maintenance Procedures (by September 27, 2010).

Performance Area: Operations
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 95%

Performance Objective #O-1: Environmental Protection Program

Performance Assessment:

B&W Pantex has substantially exceeded the target of receiving no significant violations or adverse regulatory actions from environmental regulators. They completed the 16th consecutive year without RCRA violations; no violations identified during the drinking water inspection; and no significant exceedances identified during the wastewater inspection. Compliance demonstrations are being maintained for the various other environmental programs (Air, NEPA, PST, etc).

Performance Objective #O-2: Maintain and Enhance the Environmental Management System (EMS)

Performance Assessment:

B&W Pantex exceeded NNSA expectations in maintaining and enhancing the environmental management system.

Performance Target #1:

B&W Pantex significantly exceeded the target of 5,000 gallons reductions in gasoline use from FY09 usage (88K gallons) by a reduction of over 18,000 gallons.

Performance Target #2:

B&W Pantex completed implementing the standing order describing the requirements for the Acquisition Review Committee regarding purchase requisition review for "green" purchases.

Performance Target #3:

B&W Pantex exceeded the three-year Texas Commission on Environmental Quality "Clean Texas" Gold Level renewal that exemplifies their dedication to being good stewards of the environment.

Performance Objective #O-3S: Environmental Restoration/ Remediation Program

Performance Assessment:

B&W Pantex has significantly exceeded the target and expectation of maintaining compliance with HQ, Regulatory Agencies, and PXS0 regarding the Interagency Agreement, Record of Decision, Final Compliance Plan approval, CD-4 ER closeout requirements, and timeliness/quality of regulatory documentation.

Performance Objective #O-4S: Manage Wastewater Discharge through a TX Land Application Permit (TLAP)

Performance Assessment:

B&W Pantex has exceeded many of the NNSA environmental expectations in the management of wastewater discharge through the TLAP.

Performance Target #1:

Performance Assessment:

B&W Pantex met the requirement of updating computer controls for 24 hour operations.

B&W Pantex met the target of redesign/replacement of submersible pumps with higher efficiency turbines.

B&W Pantex met the target of reconfiguring dual filter design allowing reduced downtime.

Performance Target #2:

B&W Pantex met target of no more than three events greater than 14 days each of discharge to Playa 1, and also stopping receipt of Pump & Treat water.

Performance Objective #5.0: Pantex Documented Safety Analysis

B&W Pantex substantially exceeded the standards of performance for this performance objective.

Performance Assessment:

Performance Target #1:

B&W Pantex substantially exceeded performance for this performance target. B&W Pantex provided excellent executive summaries covering the tracking of New Information (NI) and Potential Inadequate Safety Analyses (PISAs) on a monthly vs. quarterly basis. Both NI and PISAs were resolved in a timely manner with the average closure of New Information, not dependent on the National Laboratories, completed in less than five days and the PISAs in under a month. As of the end of the fiscal year, there are no outstanding issues in the new information database and only one open PISA, which is dependent on the National Laboratories. An upgraded PISA process implemented this year, via the implementation of the changes to the Unreviewed Safety Question process Guide (i.e., DOE G 424.1-1), has substantially decreased the mission impacts (i.e., work stoppage) as a result of a PISA declaration.

Performance Target #2:

B&W Pantex substantially exceeded performance for this performance target. B&W established a schedule for providing the DSA annual updates for PXSO approval. All DSA annual updates were developed incorporating the information from over 3400 negative unreviewed safety question process determinations and sent over in accordance with that schedule, most of them actually days earlier than the scheduled delivery date. This was very important so as to allow for our capability to review and approved them timely so as to minimize the potential to lose configuration management of the DSAs.

Performance Target #3:

B&W Pantex exceeded performance for this performance target. B&W developed and published a TSR Interpretation Guide for the end users of the TSRs administrative controls. This guide is a valuable tool to assist the control owners ensuring that the administrative controls are correctly implemented at the Plant. In addition, the results of this product will support the Documented Safety Analysis upgrade initiative this coming fiscal year. This is an example of continued focus on TSR awareness through documenting the reasoning behind the administrative controls.

Performance Target #4:

B&W Pantex exceeded performance for this performance target. B&W worked with the Site Office to both understand and remedy new Conditions of Approval for DSA change packages and new DSAs this fiscal year prior to starting any covered activities. They have continued to fix technical review comments and resolve planned improvements using sound business decisions under existing funding constraints. Some examples include evaluations for closing planned improvements only if there is still a discernible safety benefit to accomplishing the improvement, and taking advantage of closing TRCs and legacy post-start COAs as part of Documented Safety Analysis (DSA) upgrade packages or annual updates so as to make the best use of limited resources. Since the initial approval of 10 CFR 830 compliant Safety Basis, which resulted in well over 600 total issues, B&W has, over the past few years, continually trended toward completion of these issues and now have less than 150 remaining.

Performance Target #5:

B&W Pantex exceeded performance for this performance target. B&W completed the 10 year updated analysis for the wind natural phenomenon and incorporated the revised information into the Sitewide Safety Analysis Report. The analysis was a thorough and technically accurate document. B&W developed an extensive site specific Flood Hazard Analysis at about the time that the actual flood event occurred at Pantex. Necessarily, resources were diverted from developing a DSA change to incorporate the information to establish a safety case for not only continuing operations in those nuclear facilities that did not get flooded, but also to establish the basis for continuing operations in facilities that did flood. B&W developed the safety case, including a Justification for Continuing Operations to enable continuation of the mission objectives at the Plant. Based upon the results of the flood event, a very practical decision was made, since there was no eminent safety concern, to await the results of the emergency funding request, before finishing the DSA update, so that B&W did not waste resources developing analysis, when there may be an opportunity to performing preventive landscaping such that the water would drain to the Playas in the future. B&W is still awaiting the emergency funding decision.

Performance Objective #6.0: Upgrade Nuclear Facility Safety Systems

B&W Pantex substantially exceeded the standards of performance for this performance objective.

Performance Assessment:

Performance Target #1:

B&W Pantex substantially exceeded performance for this performance target. B&W Pantex completed the installation of new NUM-1B hoists in the LINAC facilities on site. Since these facilities are the most used and can be the bottle neck for accomplishing the mission, this achievement represents a real increase in nuclear safety at the site. In addition, during the

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maintenance activities, B&W maintained throughput to achieve the operations mission at the Plant.

Performance Target #2:

B&W Pantex exceeded performance for this performance target. B&W Pantex completed the Design Change Proposals for the Bay ceiling seismic outliers and planned to complete the modifications coordinated with other activities required in the Bays to reduce down time (e.g., performing the installation of ESD floors, repairing seismic outliers, replacing hoists, relighting, etc.)

Performance Target #3:

B&W Pantex substantially exceeded performance for this performance target. B&W Pantex completed the Design Change Proposals in plenty of time to support the subsequent installation of the new Emergency Light System in the remaining Cells (85 & 96).

Performance Target #4:

B&W Pantex substantially exceeded performance for this performance target. B&W Pantex completed 352 DCPs/DCNs/Drafting requests from the backlog, which represents a rate of 8 to 10% per month, substantially exceeding the performance objective measure of ~3.3% per month.

Performance Target #5:

B&W Pantex substantially exceeded performance for this performance target. B&W Pantex completed combustible loading disposition (CLD) updates for the W76 in July, the W88 and 12-64 pit staging bays in August. These CLDs evaluate the totality of combustibles in a facility with an associated weapon operation or mission (e.g., staging). This information is modeled and analyzed via fire dynamic simulator which determines the resultant heat flux to the target. Then these results are used to determine the distances that must be maintained between the combustibles, or separate packages of combustibles, and the target such that even if the combustible package(s) were to ignite, there would not be an adverse response from the target. This represents a real increase in nuclear safety by allowing the Production Technicians to place combustibles in predesignated locations such that if the fire protection system was unavailable, the targets in the nuclear facilities would be unaffected even if the facilities were unmanned (e.g., holiday weekends, etc.)

Performance Based Incentive #6.0S1: Installation of NUM-1B Hoists on hand (4 ea.)

Performance Assessment:

B&W Pantex substantially exceeded the standards of performance for this performance objective. B&W Pantex completed the installation of five NUM-1B hoists this FY. That represents one more than the objective of four. They accomplished this in coordination with operations and maintenance on top of limited funding.

Performance Based Incentive #6.0S2: Seismic Outlier Modifications

Performance Assessment:

B&W Pantex substantially exceeded the standards of performance for this performance objective. B&W Pantex completed the modifications to the seismic outliers in five bays this FY. That represents one more than the objective of four. They accomplished this in coordination with operations and maintenance on top of limited funding.

Performance Based Incentive #6.0S3: Emergency Light Upgrades

Performance Assessment:

B&W Pantex exceeded the standards of performance for this performance objective. B&W Pantex completed the installation of the last two Cell facility Safety Class Emergency Light upgrades at the Plant.

Performance Based Incentive #6.0S4: Fire Department Implementation of FireHouse Software

Performance Assessment:

B&W Pantex exceeded the standards of performance for this performance objective. B&W Pantex completed the installation of the FireHouse Software and modules which represents a complete record keeping system for the fire service. The software provides record keeping for all aspects of the fire service, these records include; inventory, equipment history, crew assignments, training, and inspections. Other modules include fire reporting, pre-fire plans, and incident command. This software is important to provide easily retrievable information to show compliance with many NFPA requirements, provide data for the annual report to DOE and compliance documentation for Texas Commission on Fire Protection assessments. The full functionality for the system was determined, initial training conducted, and the ongoing continual process of adding Pantex specific data to the program initiated.

Performance Based Incentive #6.0S5: Fire Protection Program Enhancements

Performance Assessment:

B&W Pantex substantially exceeded the standards of performance for this performance objective. B&W Pantex completed the combustible loading dispositions for an additional 3 weapon programs; W78, W80, and W87. This results in a predetermined location of combustibles such that, if the fire suppression systems are non operational, fire watches are not necessary. This represents a real increase in nuclear safety since there is now a better understanding of the available combustibles in the operating nuclear facilities and the impact of their ignition on the units.

Performance Objective #7.0: Upgrade the Pantex Documented Safety Analysis Safety Management Programs and Process

B&W Pantex substantially exceeded the standards of performance for this performance objective.

Performance Assessment:

Performance Target #1:

B&W Pantex met performance for this performance target. B&W Pantex completed the development of a Lightning Protection Program as a Safety Management Program (introduced as Chapter 20 of the Sitewide SAR), which was transmitted to the Site Office on September 23, 2010. During the initial review for approval, a substantial number of issues were identified by the Pantex Site Office, a number of which would require rewriting prior to implementation.

Performance Target #2:

B&W Pantex more than substantially exceeded performance for this performance target. B&W Pantex completed the design, development, population, and validation of an electronic Controls flowdown matrix which will enable rapid determination of applicable control sets for any weapon program, facility, combination thereof, or Accident Analysis. Also includes a feature that identifies all facilities and programs depending on any specific control. Due to the integrated nature of the Pantex Plant DSA, the capabilities of this tool greatly contribute to real nuclear safety at the Plant by eliminating the tremendous amount of time previously required to answer these type questions about the DSA.

Performance Based Incentive: O-7S.0: Lightning Protection Project Plan Issues

B&W Pantex completed all requirements for this performance based incentive.

Performance Assessment:

B&W Pantex met performance for this performance target. B&W Pantex worked with the National Laboratory Electromagnetic Team to complete the close out of the indirect effects issue.

In addition, B&W incorporated the proposed resolution of the multi-point grounding issue into the Lightning SMP which was recently sent for Site Office approval. The change package was transmitted with an associated Implementation Plan that has this objective completing in 2013.

Finally, B&W worked to perfect the Time Domain Reflectometry (TDR) method of determining intrinsic penetration bonding. They developed, reviewed, and approved an Engineering Evaluation which provides the methodology for resolving the bond wire inductance issue and then completed an Engineering Evaluation which provides the TDR methodology for intrinsic detection of penetration bond connections to the Facility rebar. They also developed a test procedure to serve as the proper documentation of the completed testing. Thus, everything is in place to pursue the TDR testing of the penetrations. The final accomplishment was to create generic change control packages to expedite the repairs necessary to remedy any penetrations found to be disconnected or open. They completed the development of this expedited design change proposal process in September.

Performance Objective: O-8: Integrated Management System

Performance Target #1

At the time of this evaluation of the Performance Target, three Quarterly CAS Performance Reports have been completed and briefed to the Pantex Site Office. As of the 3rd Quarter, the most recent report available, B&W declared Worker Safety and Health, Integrated Safety Management (ISM), the B&W Voluntary Protection Program (through award of Star Status), and Environmental Management System to be effective. EFCOG CAS conducted a review of various DOE/NNSA quarterly CAS reports and found that B&W's report provided not only metrics but analysis of information and identifying "top issues" impacting Pantex. The EFCOG CAS working group found that Pantex was the only site to have communicated "top issues" to the local site office. In addition, all PERs for each B&W Division were screened against the ISM Guiding Principles and casual factors. The data was binned, trended and provided to PXS0. Extensive data analysis was performed on a quarterly basis.

Performance Target #2

In the area of necessary improvement related to management of upset plant conditions and conservative decision making associated with degradation or loss of safety class (SSC's), the contractor has made some progress most notably in the Manufacturing Division Facilities Operations Department. However, plant wide improvement is not uniform. Management of issues has improved in some areas but the issues management system as a whole has not been completely effective. The corrective action plan provided by Manufacturing Division regarding unplanned entry into LCO's under their purview was adequate to address the issues in this division but the plant did not recognize the extent of condition went beyond Manufacturing into the areas of engineering, maintenance and environment, health and safety. B&W should work on improving plant wide management systems to assure that responsible personnel can effectively manage through these upset conditions without potential impacts to the nuclear safety envelope of the plant.

Performance Target #3

For each of the previous 3 quarters, a declaration of Performance Effectiveness was completed. However, the 4th quarter report, with an integrated, roll-up or single "Declaration of Effectiveness" has not been completed at this time. In evaluating the previous three quarters, the report demonstrates a strong commitment to safety, quality and environmental protection. Examples of superior performance this year include: Earning the VPP Star that demonstrates a superior safety program (one of only 300 companies in the state of Texas), American Society of Training and Development "Best Award", State of Texas Commission on Environmental Quality "Clean Texas Gold Level Ranking", zero enforcement actions for environmental compliance, quality assurance, nuclear safety, radiation protection, and worker safety and health. Score = 95%

Performance Target #4

At the time of this PEP write up, the end-of year report has not been completed (scheduled completion date is October 29, 2010). Evaluation of FY11 improvement plans and objectives cannot be completed at this time. However, due to the continuous improvement of the CAS Quarterly Report, this will be a significant task due to the integration of all elements in this report.

Performance Objective: O-9: Contractor Assurance System

Performance Assessment:

Performance Target #1

As noted in this Performance Target, there are eleven orders and manuals applicable to B&W Pantex operations in DOE O 410.1. B&W completed three assessments to fulfill this requirement.

- Maintenance Conduct of Operations
- Maintenance Management Program for DOE Nuclear
- Quality Assurance - Startup and Restart of Nuclear

The assessments were determined to be of good quality, communicated thoroughness and completeness, and of value to PXSO.

Performance Target #2

B&W Pantex completed 92 required assessments. In addition, the contractor completed an additional seven assessments (8%) more than expectation. The assessments were found to be comprehensive and well written.

Performance Target #3

The contractor completed two Safety Management Programs (SMP) assessments identified in the DSA. The first assessment was in the Engineering Division and focused on Nuclear Safety Program (SMP: Chapter 17). The second assessment was in the Environment, Safety and Health Division and focused on Technical Training Program (SMP: Chapter 12). The assessments were found to be comprehensive and well written.

Performance Target #4

The contractor completed 18 Prime Contract List B assessments as required. The assessments were found to be comprehensive and well written.

Performance Target #5

CAS reports were placed into the PXSO S:\ drive as soon as they were approved by their management and forwarded to the B&W CAS Coordinator. The reports were loaded on the S:\ drive in a timely manner which supported the PXSO LO/CAS process (issues management).

Performance Target #6

Quarterly reports were issued on or before the 20 working day requirement. This is a high intensity activity at the end of the quarter to acquire the data from the different Division Managers and write the report. PXSO was also changing what we wanted in the report every quarter and B&W picked up these request. The reports improved and EFCOG CAS working group commented that Pantex CAS report was the only report in DOE/NNSA that was reviewed to have analyzed data and communicated "top issues" to federal management.

Performance Target #7

Draft risk models and assessment schedule were provided to PXSO on August 17th. B&W evaluated several risk models in FY10 and determined that the one they had was the best with a few additional tweaks. This is a high intensity project for the July – August timeframe. All the

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risks and assessments are reviewed and approved by the appropriate Division Manager. A draft assessment schedule is generated and given to PXSO for them to review to help in developing their own assessment schedule.

Performance Target #8

The contractor coordinated LOCAS integration and shadow activities with PXSO based on draft Risk Models by September 10, 2010; Developed final Risk Models based on LOCAS integration activities by September 26, 2010; and provided final B&W Pantex management assessment Risk Models used for FY2011 CAS assessment planning to PXSO September 27, 2010. This is another high intensity project that comes together in a two-week timeframe. PXSO requests for additional assessments must be incorporated and the shadow assessments must be incorporated into the final schedule.

Performance Target #9

The contractor coordinated LOCAS integration and shadow activities with PXSO September 10, 2010; developed the 2011 CAS assessment schedule based on LOCAS integration activities September 26, 2010; and provided final B&W Pantex FY2010 CAS assessment schedule (Primavera) September 27, 2010. This schedule is actually developed within a two-week timeframe, and is constantly changing. Several changes have been made before the approval of the original schedule. The B&W CAS Coordinator works close with the PXSO LOCAS Coordinator to ensure that all PXSO assessments are included in the schedule. The schedule is placed on the PXSO S:\Drive and is updated as needed.

Performance Objective #O-10: Facilities and Infrastructure Recapitalization Program (FIRP)

B&W Pantex significantly exceeded NNSA expectations in FIRP management and Deferred Maintenance Reduction.

Performance Assessment:

Performance Target #1a and 1b

Chiller Replacement and Steam Pipe Refurbishment designs were deleted as a result of FY10 FIRP funding reduction.

Performance Target #1c

B&W Pantex significantly exceeded FIRP 87% costing (97% actual) and 51% costing of capital dollars (\$3,290K target vs. \$3,346K actual)

Performance Target #2

B&W Pantex significantly exceeded deferred Maintenance reduction goal of \$8M (\$14.6M actual)

Performance Objective #O-11: Project Management Activities associated with all FIRP GPP, Line Item Projects

B&W Pantex significantly exceeded NNSA expectations in all project management activities associated with FIRP projects and has been responsive and has taken ownership in meeting challenges/issues.

Performance Assessment:

Performance Target #1a and 2c

B&W Pantex has significantly exceeded expectation in establish Project Baselines and maintain Earned Value on EDSU project in accordance with DOE O 413.3.

Performance Target #1b, 1c, and 2d

B&W Pantex has significantly exceeded expectation in tracking variances by program and project, and maintain 90% of all project costs and schedule within accepted reporting thresholds (.98 SPI and 1.24 CPI summary actuals as of Aug 31).

Performance Target #2b and 3

B&W Pantex has significantly exceeded expectations in providing site support for the Gas Main Project managed by USACE. Project completed 5 months ahead of schedule.

Performance Objective #O-12: Central Fire Receiving Station

Performance Assessment:

B&W Pantex significantly exceeded NNSA expectations by completing all fire alarm panels' replacements and converting to one central receiving system. B&W Pantex completed the installation of 22 fire alarm control (FAC) panels.

Performance Based Incentive #O-12S: Central Fire Receiving Station

B&W Pantex completed the requirements of this PBI.

Performance Assessment:

Performance Target #1

Completed the installation of five additional panels

Performance Target #2

Completed the installation of five additional panels

Performance Target #3

Completed the installation of two additional panels plus disconnected all utilities on three buildings in lieu of installing three panels.

Performance Objective #O-13: Maintenance Operations

B&W Pantex significantly exceeded NNSA expectations in managing and safely conducting Maintenance Operations.

Performance Assessment:

Performance Target #1

B&W Pantex significantly exceeded expectations of 95% facility availability. (97.4% overall before flood; 94.4% after flood - not within B&W Pantex control)

Performance Target #2

B&W Pantex significantly exceeded PXSO expectations of less than or equal to 30 Safety related Work Orders (WOs) in backlog. (20 WO's actual)

B&W Pantex significantly exceeded expectations of less than or equal to 35 fire protection WO's in backlog. (35 WO's actual)

B&W Pantex significantly exceeded expectations of less than 24,000 hrs of classical maintenance backlog. (23,429 hrs –Aug data)

Performance Objective #O-14: Line Item (LI) Critical Decisions (CD)

B&W Pantex significantly exceeded expectations in effective project management of all projects.

Performance Assessment:

Performance Target #1

Received CD-1 for OSD&I Project in 2nd qtr, February 24, 2010. OSD&I project has accelerated the schedule, resulting in savings to the project

Performance Target #2

Received CD-4 in 1st qtr on EDSU, December 28, 2009. EDSU completed \$1.5M under budget

Performance Target #3

PEP revised to submit High Explosives Pressing Facility BCP by Sept. 30, 2010.

Performance Target #4

Received CD-4 for GMDSU by 4th qtr, June 4, 2010. GMDSU completed 5 mo. ahead of schedule and \$1M under budget.

Furthermore, the High Pressure Fire Loop project is being managed within cost, scope and schedule.

Performance Objective #O-16: Comprehensive Emergency Management System

B&W Pantex exceeded some of the performance targets maintaining an emergency management program consistent with DOE O 151.1C. It should be noted that the emergency management organization is in the process of reviewing and revising specific EALs to ensure that the logic

behind each is sound and that overly conservative classifications are not made causing a greater classification than the event circumstances require. Current B&W Pantex actions should address problems identified with classification of security incidents and natural disasters, i.e., floods.

Performance Assessment:

Performance Target #1:

The B&W Pantex Emergency Management Program has effectively trained all (100%) of the Pantex Plant Emergency Response Organization (ERO) members. This training was accomplished in accordance with the overall training plan established at the beginning of the performance period.

Performance Target #2:

All ERO drills were conducted as planned. The B&W Pantex ERO training and drill program is compliant with DOE policy requirements and generally follows DOE guidance documents; however, areas for improvement were identified in ERO qualification curriculum, course content, and drill practices. The B&W Pantex ERO training and drill program is adequately described in plans and procedures that establish a strong framework for the development of proficient ERO members. Improvement opportunities exist through expansion of lessons to include more response tools and details in their use. Additionally, opportunities exist to familiarize the Executive Team with the capabilities and application of information they receive from support groups for use in their decision-making. Practices in the drill program can be modified to better prepare responders and make program improvements. Drill program improvement opportunities exist in the spectrum of drill scenarios, drill realism, rigor of evaluations, and timeliness of training remediation.

Performance Target #3:

B&W Pantex has conducted all of the CAS assessments as planned. The B&W Pantex emergency management organization uses a comprehensive process for conducting detailed annual assessments of the emergency management program, with emphasis on observations of performance during drills and exercises. The process has resulted in identification of numerous weaknesses and opportunities for improvement. In addition, Emergency Management utilizes an issues management process with several positive features that assist with the development and completion of effective corrective actions. However, several areas of the emergency management program's assessment and issues management processes could benefit from more critical review and possible revision. For example, observations of performance included in assessment reports are less thorough and self-critical than document reviews; assessment reports do not consistently and clearly describe all identified issues so that effective corrective actions can be developed; weaknesses in the implementation of the issues management process in a few areas lessens the overall effectiveness of corrective actions; and, a significant weakness from the 2009 annual exercise remains unresolved, although the weakness has been closed.

Performance Target #4:

All emergency management documentation was submitted as planned and in accordance with the approved schedule.

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Performance Target #5:

While B&W Pantex conducted monthly and quarterly facilities and equipment inspections as planned, B&W Pantex should consider more thorough and defined functional checks of EOC equipment to address problems identified throughout the year.

Performance Target #6:

Quarterly LOCAS data was submitted as required from all aspects of the emergency management program.

Performance Target #7:

The site hazards survey and EPHA provide an appropriate foundation for the emergency management program. EMD personnel have developed formal, clearly defined, and well-documented procedures for developing the site hazards survey and EPHA. The site hazards survey appropriately screens the identified hazardous materials and provides qualitative analyses of the emergency hazards at Pantex. The EPHA is comprehensive in considering onsite events and hazards, as well as offsite transportation operations and facilities that may present hazards to the site. The Technical Planning Basis Program Plan provides comprehensive guidance for developing the hazards survey and EPHA and ensures that a quality assurance program is in place for verifying the accuracy of the EPHA consequence analyses.

Some data entered into the hazardous materials identification process is inaccurate, reducing the usefulness of the hazardous material inventory. Further, the recently procured chemical management inventory control system, once implemented, will be similarly limited by data inaccuracies unless the process is improved. In addition, some emergency action level decision trees, specifically those for incidents categorized as Operational Emergencies Not Further Classified or classified as Alerts, dictate protective actions more appropriate in scope to a Site Area Emergency.

Performance Target #8:

The Pantex Site Office and B&W Pantex personnel have adequately addressed most of the findings from the 2008 Emergency Management inspection. Independent Oversight observed several effective processes and positive practices during the review. Of particular note, B&W Pantex has implemented an effective process for notifying the emergency management department (EMD) before acquiring hazardous chemicals and has also developed a site-wide hazards survey and EPHA that provide a sound basis for the emergency management program. Through its Hazardous Materials Program Emergency Plan, B&W Pantex has established a solid framework for its emergency management program, implemented through a system of work instructions, desk aids, and checklists that provide for the execution of critical emergency functions at each of the primary response venues. Additionally, B&W Pantex has documented a strong framework for an effective training and drills program, and has developed strong, effective working relationships with the offsite civil authorities and surrounding communities, strengthened by monthly meetings, frequent drills, and periodic exercises.

However, EMD can be more rigorous in its critique of exercise and drill performance; more thorough in ascertaining the material condition of facilities and equipment; and more critical in exploring root causes, applying lessons learned, and verifying remedial actions to help prevent recurrence. Some of the weakness associated with the emergency management program are in areas not under the control of the program manager, to include: better integration of the site's Fire Department, Security, and Radiation Safety incident command functions; assimilation of facility-

specific tracking of chemicals into manufacturing practices and procedures; and, improving the capture and distribution of information within the Emergency Operations Center.

Performance Objective #O-17: Nuclear Incident Response Program

B&W Pantex substantially exceeded expectations in maintaining the Nuclear Incident Response Program (NIRP) capabilities. The program has received numerous very positive comments from various customers.

Performance Assessment:

Performance Target #1:

B&W Pantex has consistently maintained NIRP “ready-to-deploy” status throughout the year. In that effort, B&W Pantex has effectively supported various Joint Technical Operations Team (JTOT) events as well as other “public” events.

Performance Target #2:

The NIRP provided highly effective support to all OGAs as appropriate.

Performance Target #3:

B&W Pantex has executed its responsibilities in accordance with the approved WAS and as a result enhanced its current capabilities at the NIRP compound.

Performance Target #4:

B&W Pantex has provided immediate notifications of all initiated drills and exercises, team deployments, and training.

Performance Target #5:

Quarterly reports have been made in a timely and high quality manner exceeding expectations as originally planned.

Performance Target #6:

B&W Pantex completed a NIRP management self-assessment.

Performance Objective #O-18: Implement a Continuity Program

B&W Pantex has exceeded performance expectations in many of the significant criteria areas.

Performance Assessment:

Performance Target #1:

B&W Pantex appropriately trained all CERT members as required.

Performance Target #2:

General awareness training was delivered as required.

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Performance Target #3:

B&W Pantex conducted a COOP drill as scheduled. The drill presented an appropriate scenario that required the review of DOE/NNSA and PXSO essential functions and essential supporting activities.

Performance Target #4:

B&W Pantex conducted an assessment of the continuity program as was required.

Performance Target #5:

B&W Pantex revised the continuity program plan incorporating elements of the PXSO COOP plan.

Performance Objective #S&S-1: Security Budget, Planning, Programming, Budgeting and Evaluation

B&W Pantex substantially exceeded expectations in the budgeting area. The budget submittal was identified as one of the most consistent in the complex. Impacts of out-year funding were identified such that informed decisions could be supported by clear and concise rationale. Quarterly program reviews exceeded expectations and the FY2011 Annual Operating Plan (AOP) was submitted to PXSO ahead of schedule.

Performance Assessment:

Performance Target #1:

In the area of budgeting, B&W Pantex did an excellent job of formulating and executing the FS-20 budget. Traceability was incorporated into each area and all security planning documents supported the formulation process.

Performance Target #2:

The AOP was submitted and approved prior to the beginning of the FY and the FY11. It was received ahead of time and was consistent with the requirements as requested by NNSA NA-70. There were four (4) revisions of the FY10 AOP received during the FY. The change control process for the AOP encompasses all departments and assures management is in agreement with changes. B&W Pantex has exceeded expectation in that they plan to retain the more comprehensive format for the AOP for future years.

Performance Target #3:

a. Alignment with PXSO validated requirements and documented in the AOP.

Formal quarterly program reviews, informal program reviews and financial reviews are received monthly and provide the necessary information to ensure the security budget is being executed as planned. Program reviews were on-going, thorough, and ensure key components of the program are addressed. B&W Pantex continues weekly meetings between counterparts and the Assistant Manager for Safeguards & Security and has frequent interaction with S&S Division Management. The formal quarterly program reviews provide an excellent status of the S&S program as well as a forum to discuss any issues and challenges. In addition, accomplishments for the time period are also discussed. Monthly reports continue to be of the highest quality to include a variance analysis by funding source. All variances were explained and appropriately justified.

b. Alignment with CFO provided costing principles & NA 70 provided WBS.

B&W Pantex incorporated the NNSA provided costing principles identifying areas where appropriate cost savings could be achieved through implementation.

Performance Objective #S&S-2S: Security Footprint Reduction (Stretch)

B&W Pantex exceeded performance in many of the identified criteria. B&W Pantex provided a Security Footprint Reduction Implementation Plan in “final update” format at the end of the performance period.

Performance Assessment:

Performance Targets:

B&W Pantex initiated a foot-print reduction initiative that yielded the following results:

- The Plant inventory of classified documents was reduced by 21,457 lbs. enabling the removal of 38 GSA repositories from service.
- Long standing plans for the elimination of Classified Removable Electronic Media (CREM) vaults were completed this year. This resulted in the relocation and destruction of classified matter from CREM vaults with a minimum number of actual pieces of CREM being returned to individual owner. This allowed the closure of remaining CREM vault-type rooms.
- While significant progress in the reduction of non-standard storage areas was not fully realized, B&W Pantex was able to disposition approximately 10,000 classified parts.
- Access authorizations were not reduced by any appreciable amount although some clearances were reduced from “Q” to “L”. Additional opportunities for reductions have been identified and are characterized as “on-going.”

Performance Objective #S&S-3S: Security Operational Efficiencies (Stretch)

B&W Pantex efforts to develop and execute a systems modernization plan exceeded some of the performance area expectations.

Performance Assessment:

Performance Target #1:

B&W Pantex provided two plans for the year that address the Systems Modernization Plan requirement. One was received shortly after the end of the second quarter and the other later in the performance period. These plans together exceed expectations in some areas. Many of the systems identified for modernization are long standing issues that were incorporated into the plan. B&W Pantex is now beginning to realize many of the gains projected in earlier years.

Performance Target #2:

B&W Pantex has not realigned and reprioritized funding in a way that identifies “modernization” across the S&S enterprise. However, they have looked internal to each organization and fully understand the implications of cost reductions for such things as over-time reduction. The one area in which B&W Pantex exceeded expectations is in the area of PT relief reduction in which

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an \$8M initial reduction and realignment of costs resulted in a net reduction of \$4M. Additionally, B&W Pantex reprioritized funding in the reductions associated with SRT teams and deployment, as well as other reductions in staffing requirements.

Performance Target #3:

Specific efficiencies were identified in each plan. These efficiencies were achieved as planned at various stages throughout the year. Additional efficiencies should be realized when some of the activities are completed and a better assessment of efficiencies can be made.

Performance Objective #S&S-4: Security Cost Reduction

B&W Pantex exceeded some of the criteria by identifying cost savings in various areas across safeguards and security. As a part of a plan initiated two years ago, B&W Pantex successfully identified areas for cost reduction. Many of which began to reach maturity during this performance/evaluation period.

Performance Assessment:

Performance Target #1:

B&W Pantex effectively reduced the overall manpower for S&S by 87 people for the performance period. This was accomplished by automating Limited Area turnstiles, analyzing specific detection and assessment systems, reviewing manpower needs for special response, reconfiguring the way in which physical training is accomplished, and partnering with external entities to ensure appropriate resources are allocated, as appropriate.

Performance Objective #S&S-5S: Modernization of NNSA Protective Force

B&W Pantex exceeded expectations in some areas. A large number of PF activities were undertaken and achieved during this performance period designed to effect modernization of the PF. B&W Pantex recognizes there are other activities and plans to accomplish these activities in FY11.

Performance Assessment:

Performance Target #1:

B&W Pantex exceeded expectation by the way in which they developed performance measures in the area of the PF in accordance with the approved SSSP. The flow down from the SSSP to underlying documents, i.e., traceability, is evident. SSSP components establish the appropriate level of controls for AB and ensure security changes are addressed through a formal process. The established process ensures that all PF equipment and changes are properly evaluated and consistent with PF needs and safety requirements.

Performance Target #2:

PF duties and training were realigned to ensure proper traceability from JTS through course development and presentation. Mission activities were re-evaluated to ensure an effective and appropriate focus for PF personnel. Today vulnerability analysis, performance assurance, and training are more properly aligned and integrated to ensure accomplishment of PF mission objectives. Training records have been automated for various aspects of the overall division

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training. In addition, alternative means were explored for semi-annual qualification that should help improve/modernize the PF.

Performance Target #3:

Through the development of the Pantex SSSP, PF resources are aligned to ensure appropriate numbers, locations and areas of responsibility. Various techniques are used to ensure positions are truly value added and necessary in accomplishment of the PF mission. One item that needs to be mentioned is the leadership and support the B&W PF provided the plant during the “flood” event. Representatives of the PF worked independently to prevent flooding, then shoulder-to-shoulder with other divisions to recover.

Performance Target #4:

B&W Pantex reassessed the need for training all PF personnel on certain weapons systems and re-allocated training time to ensure continuity and consistency.

Performance Target #5:

PF equipment has been included as a part of the overall life-cycle management plan. The selection and use of the “Remedy” system and life-cycle management programs should address this area very effectively. B&W Pantex has established a process whereby PF equipment is tracked and reported in terms of condition and status to ensure availability and utility.

Performance Target #6:

Target folders were assessed and updated to ensure an effective presentation of critical information. Portable computer equipment was procured and the process for uploading all target folders was initiated.

Performance Target #7:

Non-essential posts and patrols were evaluated resulting in the reduction of activities

Performance Target #8:

The B&W Pantex S&S Training Department effectively reviewed and analyzed the overall mission of the PF and has effectively revised all job task analyses to ensure training and qualification is properly aligned and meets mission requirements.

Performance Target #9:

B&W Pantex has used a formalized process for many years to ensure the annual training plan was representative of the actual training required for each PF member. This year B&W Pantex reviewed the utilization of the training cadre and began the process for realigning the use of this 40 person cadre.

Performance Target #10:

B&W Pantex provided the site office with a formal analysis of the use of OT for training. This evaluation indicated the current direction of the use of “on-shift” is appropriate and should be continued. Additional special needs were also identified as a part of this study and these activities will be added to next year’s assessment of B&W Pantex .

Performance Target #11:

B&W Pantex effectively evaluated the need for training all PF personnel on certain weapons systems. Also, one key component was the re-evaluation of the need for precision rifle teams and

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their overall training and deployment. B&W Pantex use of the simulator facility was reviewed and they are now utilizing the facility much more effectively.

Performance Target #12:

B&W Pantex efforts in this area focused on the computer based training required for each PF member. Non-value added courses were eliminated from the curriculum. Additional course reductions will be evident as the NNSA further evaluates PF training needs.

Performance Objective #S&S-6: Security Management Training and Qualifications

B&W Pantex exceeded expectations in many areas by the way in which they have sought and obtained highly qualified staff and carried forward the concept of "Stand and Deliver." B&W Pantex earned the American Society Training Development "Best Award" for their efforts in the firearms simulator facility (FTS). Throughput at the FTS was maintained at a higher than average level. Simulator cost avoidances are estimated at approximately \$2M. B&W also hosted the first "Law Enforcement Day" at the Pantex Plant. This effort will pay significant dividends in future relationships with local and Federal law enforcement.

Performance Assessment:

Performance Target #1:

B&W Pantex worked with the site office to determine and achieve specific enhancement of the training and qualifications process. Additionally, highly qualified managers were hired to ensure succession planning and development of senior managers.

Performance Target #2:

Specific development actions were identified and appropriately applied to new team members to ensure success training and mentoring activities. B&W Pantex completed the FY10 annual training plan as indicated and conducted a SPOIII basic course. The curriculum staff migrated records to the universal records management system, completed a review of all JTAs, and reviewed or revised 221 lesson plans archiving a significant number of non required lesson plans. One of the more significant accomplishments was the development of a new approach to accomplishing semi-annual qualification and the completion of all firearms qualifications in a one month period. In addition, B&W Pantex introduced a significantly modified firearms annual maintenance training for a specific weapons system that is innovative, creative, meaningful, and sustainable.

Performance Target #3:

B&W Pantex appropriately addressed all training corrective actions. They sought and hired highly qualified personnel to enhance their training leadership and capability.

Performance Objective #S&S-7 S&S Program Planning and Management

B&W Pantex has exceeded expectations in many of the areas under protection program planning and management.

Performance Assessment:

Performance Target #1:

All S&S topical areas are rated as “effective” performance in the PXSO S&S annual survey.

Performance Target #2:

B&W Pantex made significant changes to the way in which they view the assessment of findings and the overall CAS program. The addition of the management review board to the current process has significantly enhanced B&W performance in this area.

Performance Objective #S&S-8: Security Best Practices and Lessons Learned

B&W Pantex significantly exceeded expectations in the way in which they have addressed and supported lessons learned.

Performance Assessment:

Performance Target:

B&W Pantex made appropriate organizational assignments fixing responsibility for the overall lessons learned program within S&S. Selected team members received enhanced training to ensure they could address programmatic implementation. Benchmarking of other programs was a key component of their success. Additionally, specific capabilities were developed to ensure professional production of lessons learned “reports” and the input to the overall DOE/NNSA web page.

Performance Objective #S&S-9: Cyber Security Program

B&W Pantex substantially exceeded the criteria established for this performance objective

Performance Assessment:

Performance Target #1:

As validated by the PXSO survey program and external oversight, the B&W Pantex cyber security program continues to exceed expectations in all areas. B&W Pantex has aggressively implemented the NAPS and has been a major player in the development and review of governance reform for the cyber security topic.

Performance Target #2:

B&W Pantex has been one of the NSE leaders in the development of risk based vulnerability assessment processes. The current process has been adopted by NNSAHQ as the model for other sites to use in risk ranking, analyzing, and making informed risk decisions.

Performance Target #3:

B&W Pantex exceeded expectation by ensuring 100% of all personnel performing systems administrator duties received identified training.

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Performance Target #4:

The cyber security program self-assessment and issues resolution program has been determined to be highly effective. Routine reports are prepared and sent to PXSO ahead of schedule in most cases.

Performance Target #5:

B&W Pantex has done considerable work in the development of a cyber security web page to address user awareness and enhance the resolution of questions concerning the overall cyber security program.

Performance Target #6:

The B&W Pantex site risk assessment, as well as security plans, test plans, and risk assessments are of the highest quality. As noted above, B&W's development of a risk ranking and analysis process has been adopted by the NNSA as the model by which other sites are measured.

Performance Target #7:

B&W Pantex completed a comprehensive review of the overall cyber budget and assessed the need for critical cyber infrastructure enhancements. The result was a reprioritization of critical needs and deployment of applications to enhance security as well as productivity. Additionally, external contracts were reviewed and those no longer meeting the risk based approach to cyber planning were replaced with better, more effective, applications and contracts, as appropriate.

Performance Area: Business Management
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 97%

Performance Objective PO #B-1: FY2010 Line Oversight Plan – Business Management

Performance Assessment:

In the area of Procurement, “*Outstanding*” performance was achieved with exceptional performance in exceeding small business goals, partnering with the NSE in full utilization of the Supply Chain Management Center; and overall improvements of the purchasing system.

In the area of Personal Property, B&W performed at the “*Good*” level with achievement of compliance requirements, solid inventory results, and fleet utilization goals being exceeded. Focus areas for 2011 include removal of excess property and achievement of bench stock goals.

In the area of Information Resource Management, B&W achieved the “*Very Good*” level with several initiatives undertaken to improve overall performance. Specifically, B&W provided strong support to NSE CIO initiatives, partnered with PXSO to address long standing issues and move forward on several information technology efforts to improve Plant operations including the OSDI project.

In the area of Internal Audit, B&W performed at the “*Outstanding*” level and continues to play a key role in the Contractor Assurance System.

B&W also performed at the “*Outstanding*” level in the area of budget formulation and execution, responding to multiple budget exercises during the course of the year, effectively addressed the Pension Protection Act, addressed the NNSA Administrator “Getting the Job Done” list pertaining to budgeting, and made a concerted effort to develop employees and maintain effective succession planning.

In the area of Finance and Accounting, B&W performed at the “*Very Good*” level, meeting all general and overarching attributes and meeting all but one core financial measure.

In the area of Records Management, B&W achieved an “*Outstanding*” rating by exceeding all agreed to business attributes, achieved continued benefits from the URM, and meeting or exceeding all performance measures.

In the area of Training, B&W performed at the “*Outstanding*” level, meeting or exceeding all business attributes and receiving the American Society for Training and Development 2010 “Best Awards” competition.

In the area of Human Resources Management, B&W ended the year at the “*Satisfactory*” level. This rating was reached only after an implementation plan was put in place to address areas for improvement identified during a LO/CAS shadow review. Focus for 2011 includes taking appropriate measures to address the identified areas for improvement.

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Finally, in the area of Contracts, B&W earned an “*Outstanding*” rating based on their excellent coordination efforts with the PXSO, complete and timely responses to multiple data requests, and overall effectiveness at addressing day-to-day requests associated with contract execution.

Performance Objective PO #B-2S: Supply Chain Management

B&W Pantex substantially exceeded all performance areas.

Performance Assessment:

Performance Target #1:

B&W Pantex substantially exceeded the e-catalog agreed-upon goal by 20%.

Performance Target #2:

B&W Pantex substantially exceeded this measure by participating in six commodity teams versus the four required by the target.

Performance Target #3:

B&W Pantex substantially exceeded 50 reverse auctions accomplishing \$15M spend through the e-sourcing tool with a cost savings rate of 10%.

Performance Target #4:

B&W Pantex substantially exceeded driving 80% of PO or P-card transaction (releases) sent electronically to supplier through site e-procurement systems without procurement organization interaction.

Performance Target #5:

B&W Pantex participated in the “Procurement Human Capital Strategic Plan” joint training development initiative.

Performance Objective #B-3S High Reliability Organization

B&W Pantex exceeded almost all of the significant criteria.

Performance Assessment:

Performance Target #1

B&W substantially exceeded this criterion by completing the training for all contractor mid-level and first line supervisors in addition to PXSO employees while also coordinating and conducting senior management alignment meetings to map out the path for future HRO implementation at the Pantex Plant to ensure the continued viability, applicability and application of HRO principles to Pantex operations. B&W developed a safety culture survey and piloted it in one division as part of their FY10 efforts to further identify areas for improvement in regard to HRO principles. Additionally, B&W continued to “export” their HRO expertise by conducting on request for other DOE sites, federal agencies, and commercial entities such as hospitals and the oil industry.

Performance Target #2

B&W exceeded expectations by completing a barrier analysis for a nuclear operation (i.e., properly recording part identification) where incorrect communication of technical information

can result in both quality and safety consequences in addition to adverse impacts on customer confidence. The review of this particular operational area was prompted by concerns over mistakes in the identification of a weapon component for shipping. B&W did an outstanding job in conducting and completing this analysis using it and the other barrier analysis described in this performance target to fully develop the barrier analysis concept and technique. All aspects of the analysis concept were realized as analysis steps and completely described in the final product.

B&W exceeded expectations by completing a barrier analysis for a nuclear operation (i.e., properly recording part identification) where incorrect communication of technical information can result in both quality and safety consequences in addition to adverse impacts on customer confidence. The review of this particular operational area was prompted by concerns over mistakes in the identification of a weapon component for shipping. B&W did an outstanding job in conducting and completing this analysis using it and the other barrier analysis described in this performance target to fully develop the barrier analysis concept and technique. All aspects of the analysis concept were realized as analysis steps and completely described in the final product.

Performance Objective #B-4: General Management of the Pantex Plant

Performance Assessment:

B&W Pantex performed at the *Outstanding level* in General Management for Fiscal Year 2010. This rating results from meeting all deliverables to the Department of Defense and exceeding NNSA Defense Program targets for production, surveillance, and dismantlement while achieving the lowest Total Recordable Case Rate in the history of Pantex. Further, "*Getting the Job Done in '10*" was achieved during a fiscal year that presented significant technical, and infrastructure challenges as well as major weather related events including flooding rain, a blizzard and 70 lightning events resulting in work stoppages.

In the area of production, B&W Pantex completed 116% of the planned weapon baseline deliverables which includes the significant completion of 112% of the planned W76-1 LEP deliverables for FY10. Overcoming many challenges within the fiscal year, the W76-1 LEP not only recovered, but exceeded the original baseline delivery schedule. High Explosive components required by the W76 LEP program were produced ahead of schedule in spite of continual process interruptions in facilities. Authorization for the W84 SS21 operations and First Production Unit was achieved and Authorization for the B53 SS21 process was achieved as well.

In the area of stockpile surveillance, B&W Pantex completed 114% of planned DSW Surveillance deliverables for FY2010, for a total of 125 deliverables for the fiscal year. Two additional JTAs, two Test bed Assemblies, four W80 Test bed Disassemblies, four B61 Postmortems and three W80 Postmortems that were originally scheduled for completion in FY11 were completed in early September 2010.

In the area of dismantlements, B&W Pantex completed 126% of planned dismantlements. The total dismantlements were accomplished five months ahead of schedule and B&W went above and beyond the requirements by completing FY11 dismantlement work in FY10.

Successful completion of the Pantex Plant mission deliverables as described above reflected B&W Pantex effective management and operations of the Pantex Plant, commitment to the

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overall success of the Nuclear Security Enterprise, and focus in carrying out corporate responsibilities inherent in government owned and contractor operated facilities.

Management and Operations of the Pantex Plant

During FY 2010, B&W Pantex took proactive administrative measures to meet the escalating pension costs and requirements of the Pension Protection Act without additional funding provided by the NNSA or Congressional Reprogramming Actions. Further, B&W Pantex continued to do an outstanding job of managing its fringe rates; in particular, instituting health care cost cutting measures including the implementation of an employee wellness program.

In the area of Safety, B&W has provided exceptional leadership. Examples include:

- Achievement of Voluntary Protection Program Star Status.
- Lowest Total Recordable Case Rate in the history of Pantex (0.40) and tied the lowest Days Away Restricted Time Case Rate (0.06).
- Certificate of Merit for ISM Program from the National Safety Council.
- (4) National Safety Council Million Safe Work Hours awards.
- Conducted a fair to improve Pantex safety.
- National Safety Council Occupational Excellence Achievement Award.
- Texas Tech safety culture evaluation of Advance Technologies.
- American Society of Training and Development "Best Award".
- Zero environmental, quality assurance, radiation protection, nuclear and worker safety enforcement actions.
- B&W employee was nominated as the NNSA contractor Safety Professional of the Year award.

B&W fostered a complete culture of safety that encompassed off-site as well as on-site safety awareness. During severe weather conditions that shut down much of the Panhandle, the PXSO Site Office Manager shut down plant operations; a proactive safety initiative preventing workers driving in hazardous conditions. This action was enabled by B&W development and implementation of a comprehensive safety management process that required coordination between various PXSO and B&W organizations.

To be consistent with the intent of the NNSA governance initiatives, B&W Pantex was instrumental in developing a forward thinking Governance Model for Pantex. B&W utilized a third party corporate assessment of CAS and found the program to be effective at the "Managed" level. The Office of Security Enforcement conducted a follow-up visit to its FY2009 Program Review in March 2010. During the exit briefing for this visit, two elements of the B&W Pantex CAS were mentioned as noteworthy practices: the Assessment Review Team (ART) and the Corrective Action Review Team (CART). The ART and CART were two management systems used to improve the quality of assessments and corrective actions.

The Safeguards & Security (S&S) program received an unusually high level of internal and external scrutiny during the year. This scrutiny provided for considerable insight into the health of the B&W protection program. B&W improved its self assessment process and identified several areas for improvement. Various assessments established that the B&W staff is talented and dedicated to maintaining a compliant and effective program. In addition, the enhanced oversight revealed that there were underlying factors contributing to a negative trending in the performance of the Protective Force (PF). Three of the findings were repetitive of previous

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findings, which along with other discoveries, demonstrated inconsistent performance relative to the PF. In addition, most significant problems were identified by external oversight rather than internal assessments. However, with additional management attention to performance and the improved B&W self assessment process and self-correction of other topical areas, PXSO is confident that B&W will continue to strive to be the best S&S program in the complex.

B&W Pantex has significantly exceeded in the area of project management. B&W has taken ownership of projects and has demonstrated a more proactive versus reactive approach to project management. B&W Pantex has significantly improved in its responsiveness to changing requirements, conditions, and construction management approaches to support program management expectations.

In the area of litigation management, the B&W Pantex Legal Dept. generally followed its litigation management plan approved in accordance with 10 CFR Part 719. B&W Pantex managed a significant amount of litigation and retained outside counsel for nearly all cases as well as significant administrative matters. In one case alleging discrimination in violation of Title VII of the Civil Rights Act, B&W Pantex reached a settlement with the plaintiffs prior to trial. Although PXSO approved the settlement, the case raised some concerns. PXSO proposed a review of the company's EEO program and Management's decisions related to hiring and promotions. A Babcock & Wilcox corporate review team conducted the review and concluded that although there is no evidence of intentional discrimination, there are some systemic issues that need to be addressed.

In the FLSA cases in U.S. District Court in which a total of 41 B&W Pantex employees were plaintiffs, 14 of those employees were determined to be improperly classified as exempt under the FLSA. The remaining 27 employees, nearly two-thirds of the total, were properly classified by the company. In the original lawsuit, 23 of the 30 plaintiffs, or 76.7% of the total were properly classified. B&W Pantex reached settlements with the prevailing plaintiffs on back overtime pay and attorneys' fees. The U.S. District Court's finding of willful violations is currently on appeal to the U.S. Court of Appeals for the Fifth Circuit. During the latter part of FY 2010, B&W Pantex completed a new review of positions to determine FLSA compliance and determined that areas for improvement exist.

Commitment to Nuclear Security Enterprise

During FY10 B&W Pantex continued its efforts to support the Nuclear Security Enterprise through its involvement with the Nuclear Enterprise Integration Committee, leadership in ensuring multi-site incentives were completed, external involvement with the budget formulation process, and solid support in integrating weapons activities across the enterprise. In addition, B&W Pantex played a key role in addressing multiple technical issues including "Code Blue" issues. B&W Pantex continued its leadership in the Nuclear Security Enterprise as the Center of Excellence for High Explosives and in conjunction with the Department of Defense continued to identify better and safer ways for explosive excellence. The Pantex Plant program for reclamation and re-use of Insensitive High Explosives components from stockpile returns has resulted in cost savings for the NNSA. B&W Pantex led the Nuclear Security Enterprise in developing and implementing Level II milestones related to Trainer Unit Upgrades which significantly enhanced the fidelity of weapon program trainers. Successful coordination ensured

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complete disassembly of a Trainer Unit to facilitate a piece-by-piece comparison of each part to the drawings and the record of assembly.

B&W Pantex continued to implement High Reliability Organization (HRO) concepts and practices within the Pantex Plant and to introduce the program to NNSA and outside entities. Most significantly B&W Pantex implemented a “barrier analysis” process as part of its defined “break the chain” framework for ensuring and improving system reliability. The barrier analysis process was successfully completed for two systems in the business and material handling/shipping functional areas that resulted in the identification of improved process flow as well as identifying the important barriers to the reliability of those systems. In addition B&W Pantex partnered with Texas Tech University to develop a safety culture survey that was piloted in the Applied Technology Division (now the Explosives Technology Division). B&W Pantex and Texas Tech will continue to analyze the results and refine this process in FY11. B&W Pantex provided HRO seminars to the plant population and completed training all first level supervisors and managers. Several outside organizations participated in these seminars including the Norwegian oil exploration and production company, Statoil. As a result of these seminars, B&W Pantex was invited to discuss HRO principles and practical application with Statoil’s exploration division at a meeting in Houston, Texas.

Corporate Responsibility

B&W Pantex demonstrated focus in carrying out corporate responsibilities inherent in government owned and contractor operated facilities. In regard to community outreach, B&W Pantex continued to play an active leadership role in supporting numerous community events and activities. B&W Pantex maintained effective communications and working relationships with Plant neighbors and stakeholders including Texas State regulators, the Defense Nuclear Facility Safety Board, and the Environmental Protection Agency. B&W Pantex worked closely with local business and will be nominated for the Dwight D. Eisenhower award for support of the small business community.

B&W Pantex met or exceeded compliance with all environmental, public health, and resource protection laws, regulations, and DOE requirements. Significant accomplishments in Energy Management included a 2% reduction in total energy intensity (includes electricity and natural gas) and a 19% reduction from the 2007 baseline. This achievement in reducing water use exceeds the 2015 reduction goal of 16%. In addition, Pantex has had 16 consecutive years without a RCRA violation.

B&W Pantex aggressively pursued completion of the Environmental Restoration Program efforts in support of the baseline date approved in FY05. All work on this project was completed in this fiscal year and Critical Decision 4 packages were completed and forwarded to Headquarters in support of the closure. The Compliance Plan modification to the State was approved in the Fourth Quarter placing the site in 100% closed status with full regulatory approval. In addition B&W Pantex was granted Gold status for Environmental Management of the Site which was a renewal of the previous award. The reviewers actually stated that the site could have been granted Platinum status for all the programs and activities that were in place at Pantex.

In regard to Plant stewardship and positioning for the future, B&W Pantex developed both short and long-term plans including the Ten Year Site Plan, with the flexibility to align with the upcoming Nuclear Posture Review, the nuclear stockpile refurbishment and modernization

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strategies, and future Nuclear Security Enterprise initiatives and Pantex Plant infrastructure capabilities. B&W Pantex continues to work closely with the Nuclear Security Enterprise on Enterprise Modernization and Complex Transformation initiatives. Finally, B&W Pantex has done an outstanding job in working with the Pantex Site Office, NNSA Headquarters, and multiple stakeholders on the Pantex Plant Renewable Energy Project.

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MULTI-SITE

Fiscal Year 2010
October 1, 2009 through September 30, 2010

<u>PBI #</u>	<u>Area</u>	<u>Title</u>	<u>PO/PBI Fee</u>
MS-1	Multi-Site	Stockpile	\$2,711,800
MS-2	Multi-Site	Enterprise Integration	\$1,050,000
MS-3	Multi-Site	Science	\$0
Total			\$3,761,800

Performance Area: Multi-Site
Award Fee Adjectival Rating: Outstanding
Numerical Rating: 100%

Performance Based Incentive# MS-1 Stockpile

Performance Assessment:

B&W Pantex met all the milestones for the PBI.

Performance Based Incentive# MS-2 Enterprise Integration

Performance Assessment:

B&W Pantex met all the milestones for the PBI.

Performance Based Incentive# MS-3 Science

Performance Assessment:

No Fee was allocated to this PBI incentive.